



PRESS RELEASE

Federal Deposit Insurance Corporation

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**The FDIC Issues Tips on Shopping for and Negotiating a Good Mortgage
in the New, Tougher Climate for Loans**
**Other topics in the latest FDIC Consumer News include answers to common questions
about deposit insurance and money-wise suggestions for the tax season**

While it may be tougher to get mortgages because of recent problems in the housing market, the latest issue of the Federal Deposit Insurance Corporation's quarterly newsletter for consumers says that "many good loan programs are still available" and offers tips to help people shop for and negotiate the right deal. The Fall 2007 **FDIC Consumer News** also includes advice for borrowers about restructuring or refinancing their existing mortgage if they face the prospect of losing their homes because of rising monthly payments.

The main article, entitled "The New Climate for Mortgage Borrowers," features a variety of suggestions for obtaining a new mortgage or refinancing an existing one. Among them: Try to raise your credit score in the months before you apply for a mortgage, such as by paying off much or all of what you owe on credit cards. Contact several lenders, let them know you are comparison shopping, and then try to negotiate the best deal. Compare fixed-rate and adjustable-rate mortgages (ARMs), even if the latter carries a lower initial interest rate, because a fixed-rate loan may be cheaper in the long run. Be wary of a loan with payments that can increase substantially, such as mortgages with low monthly payments in the early years in exchange for the deferred repayment of principal and/or interest. And, watch out for unfair and deceptive sales practices that lure people into costly or inappropriate loans.

For people who can't make the payments on their existing mortgage, the newsletter stresses the importance of talking to the lender or loan servicer about restructuring or refinancing the loan as soon as possible. The article also explains that reputable counselors can help negotiate with lenders and warns homeowners to avoid credit-repair and mortgage-rescue scams.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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This issue of ***FDIC Consumer News*** also answers three common questions about FDIC insurance coverage -- how the agency protects depositors if a bank fails, what happens if a depositor has accounts at two different banks that merge and the combined funds exceed the insurance limit, and how to be sure that an Internet bank is FDIC-insured.

The new publication also includes timely tips for the tax season in areas such as tax payments and refunds, a look at new Web sites that can help consumers manage their money, and a note about a new law intended to reduce student loan costs.

The goal of ***FDIC Consumer News*** is to deliver timely, reliable and innovative tips and information on financial matters, free of charge. The Fall 2007 issue can be read or printed online at www.fdic.gov/consumers/consumer/news/cnfall07. There is also an online form for ordering up to two free paper copies.

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